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FIRST COUNTRY COOPERATION FRAMEWORK FOR KIRIBATI (1997-2001)

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INTRODUCTION

1. The first country cooperation framework (CCF) for Kiribati outlines the Government's plan for cooperation with UNDP for the period 1997-2001. The CCF was developed in consultation with UNDP and reflects the UNDP mandate and comparative advantages. It was based on the UNDP advisory note and subsequent discussions between the Government, civil society organizations, UNDP and other bilateral and multilateral donors.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

Development goals and priorities

2. The Government's Seventh National Development Plan (1992-1996) stated that its main development objectives were to: (a) promote development, improving living standards and alleviate communication and transportation constraints in the outer islands; (b) increase resettlement away from overcrowded South Tarawa; (c) address water supply and sanitation problems; (d) promote private sector development; (e) increase the exploitation of marine resources; and (f) improve education services.

3. The country's National Development Strategy, which covers the period 1996-1999, focuses on strengthening the foundations for economic growth by: (a) improving economic productivity; (b) encouraging investment; (c) making full use of locally available resources; and (d) developing the institutional environment for investment and local business development. All providers of essential services - the private sector, communities, non-governmental organizations, churches and the Government - will cooperate to achieve these national goals.

Current problems and challenges

4. Kiribati, classified by the United Nations as a least developed country (LDC), consists of 33 coral atolls so widely dispersed that the total land area of the country - 810 square kilometres - is only 0.02 per cent of its exclusive economic zone. The national economy depends mainly on foreign aid, interest earned from a reserve fund, copra exports, remittances from citizens of Kiribati working abroad, and licence fees from locally registered, foreign-owned ships. Insufficient domestic economic growth is evidenced by the continued decline in real per capita gross domestic product (GDP) from its already low $450.

5. Development is unevenly distributed, as reflected by the concentration of one third of Kiribati's total population of 72,300 on South Tarawa, the centre of economic activity, employment and social services. Population density in this area is 1,799 people per square kilometre. South Tarawa's population grows at approximately 3.1 per cent a year, about one third faster than the national population growth rate of 2.4 per cent. If the management of resources and land does not improve, the current problems of housing congestion, declining public

health services, inadequate water supplies, poor waste management, and environmental degradation will increase as the population grows.

6. Uneven development has been a national concern for some years and is the principal reason for the high priority that the Government places on outer-island development and resettlement.

Human development and economic indicators for Kiribati

Social indicators		Economic indicators	
Population size	72 300	GDP per capita (1995)	$450
Average population density	89/sq. km.	Aid as percentage of GDP	60
Population growth rate	2.4 per cent	Percentage of labour in formal employment	21
Total fertility rate	3.8 per cent	Women as percentage of those formally employed	33
Infant mortality rate	88/1,000 live births	Expenditure on education as percentage of GDP	7.0
Adult literacy rate	93 per cent	Expenditure on health as percentage of GDP	5.9
Mean years of schooling	6.1	Expenditure on the public sector as percentage of GDP	27.8
Life expectancy at birth	60.2 years		

Source: Asian Development Bank, August 1996. "Pacific Studies Series: Sociocultural Issues and Economic Development Indicators in the Pacific Islands", Manila, the Philippines.

Poverty

7. The term poverty is sometimes considered to be inappropriate for the society of Kiribati. Although the country is considered to be an LDC, with a low human development index value of 0.439, according to the Pacific Human Development Report (1994), conventional economic measurements do not reflect the vibrancy of a parallel economy that is sustained by family bonds and tradition, and through which goods, wealth and people flow between islands and households. Nevertheless, there are people living in relative poverty because they have fewer resources or are otherwise comparatively disadvantaged, including people from South Tarawa who lack access to land or paid employment, and others who lack sufficient livelihoods.

Education

8. A recent survey of the education sector found that the quality of school education needs to be upgraded to improve the basic numeracy and literacy skills of pupils, involving teacher-training and improvements in educational

management. However, while the education system needs to produce more skilled workers for the cash economy, formal employment will not expand fast enough to absorb most school-leavers. Basic education, therefore, needs to prepare children for life in the village by teaching versatile skills for economic and social development, in particular, literacy, numeracy and problem-solving skills, and tailoring the curricula of secondary and post-secondary education to meet the needs of the economy.

Employment

9. Approximately 25 per cent of the adult population of Kiribati was employed in cash work in 1990, including those in the formal and informal sectors. The majority of those employed work in community and social services or in agriculture and fishing. There is already a serious job shortage outside the subsistence economy. A 1992 International Labour Organization study found that unemployment was particularly prevalent among young people, who account for 44 per cent of the total unemployed. The situation is compounded by a the shortage of skilled labour that could support a more diversified economy. In 1995, approximately 40 per cent of people in the formal employment sector had only a primary school education.

Environment

10. Many of Kiribati's main environmental problems stem from congested conditions on Tarawa: in particular, the dense human settlement in the southern part of the island, poor land-use planning, and overtaxed water, sewage, and waste disposal systems. The shortage of land is becoming acute, particularly in South Tarawa, as the population grows. There is a need to increase Tarawa's capacity to accommodate more people through better use of land and environmentally sustainable development.

11. Some infrastructural development has damaged marine systems, which puts public health at risk. Better assessment of coastal development projects, better waste disposal systems, and more public education are needed. More effective land-use planning and regulation need to be developed, together with integrated island development strategies.

12. Traditional food production systems are being weakened by economic and social changes. Increased dependence on low-cost, low-quality imported food and limited nutrition education are linked to a rising incidence of nutrition-related diseases.

II. RESULTS AND LESSONS OF PAST COOPERATION

13. The third country programme for Kiribati, which covered the period 1992-1996, focused on three areas: industrial and private sector development, development management, and rural and outer-island development. Implementation of these programmes emphasized increased national execution and more effective transfer of skills to local people.

14. The work of United Nations Volunteer (UNV) programme medical officers had the most visible impact in the country programme. The mid-term review of the third country programme agreed that further UNDP support for the health sector should not only help to fill gaps, but focus on solving the long-term problem of the shortage of doctors.

15. In short, the mid-term review principally noted limited success in building capacity for national execution. Future support should enable the Government to assume fuller responsibility for national projects, by integrating them into the Government's development programmes and budget, in order to promote sustainability.

III. PROPOSED STRATEGY AND THEMATIC AREAS

16. Given the Government's development goals and priorities, the first CCF will focus on development in the outer islands and continued support for private sector development.

17. The overall strategy for the proposed programme has been shaped by the UNDP global mandate to pursue sustainable human development (SHD) and the recommendations of the mid-term review. UNDP will cooperate with the Government in the areas of poverty eradication; the creation of employment and sustainable livelihoods; the advancement of women; and the protection and regeneration of the environment. As a cross-cutting requirement for the success of SHD, UNDP will also provide support in the area of strengthening of good governance. Furthermore, UNDP will help the Government to develop ways to utilize its diminishing external assistance more effectively through better aid coordination.

18. Current projects in the areas of employment and sustainable livelihoods, with an emphasis on the outer islands, will continue under the first CCF. Ongoing UNDP-supported projects that focus on building management capacities, improving sustainable livelihood opportunities in rural Kiribati and creating a sound business environment and supporting entrepreneurial activities are viewed as having continuing relevance. As recommended in the mid-term review, more attention will be paid to impact assessment and monitoring.

19. Within the above-mentioned framework, the general theme of UNDP cooperation will be the generation of employment and sustainable livelihoods, with an emphasis on outer islands.

A. Institution-strengthening for outer-island development

20. Support will be provided for Island Councils and other institutions (i.e., the Rural Planning Unit, Island Development Committees and Island Project Officers) to improve their ability to plan, coordinate and implement development programmes, as well to non-governmental and community-based organizations. Capacity-building support to expand local participation in development and meet the SHD needs of villages will aim at improving access to basic human and community services, safe water and sanitation, and employment and livelihood

opportunities. Impact indicators will include: (a) increased involvement of Island Councils in planning, coordinating, reviewing and implementing development programmes; (b) evidence of wider community participation in these activities; (c) the operation of the Rural Planning Unit fully absorbed by the Ministry of Home Affairs and Rural Development; and (d) improved access to basic services for the entire population.

B. Small-scale business development

21. A preliminary activity will be to review the current scope of support for private sector development and to formulate an integrated approach to entrepreneurial improvement; development financing; education and training for small-business development; increased access to support services; and the identification of employment opportunities, particularly for women and youth, in the rural and informal sectors. Activities will be directed at improving entrepreneurial skills through both formal and non-formal education and support to the Development Bank of Kiribati in small-scale business promotion. Impact indicators will include: (a) an increased number of small, viable businesses in Kiribati and (b) an increased number of women in business.

C. Vocational training relevant to both formal and informal employment

22. Opportunities for employment for outer-island residents will be increased by upgrading vocational training provided through schools, existing training institutions and community organizations and making this training relevant to both formal and informal livelihoods. Every effort will be made to narrow gender gaps in opportunities. Impact indicators will include: (a) programmes for vocational training more widely available; (b) more opportunities for non-formal training through community organizations; (c) revised school curricula and programmes for vocational training; (d) an increased number of students enrolled in business and vocational courses; and (e) an increased number of women successfully completing vocational training.

D. Access to credit

23. Support will be provided to micro-credit schemes that have the potential to become operational in the outer islands, and, in particular, which will facilitate women's and women's organizations' access to credit and the development of businesses. Impact indicators will include: (a) micro-credit facilities operational in all islands; (b) a substantial increase in the active members of these schemes; (c) a substantial increase in the number of women participating and benefiting from these facilities; (d) resulting investments in viable enterprises or improvements in the quality of life; and (e) the establishment of supporting legislation, insurance schemes and seed grants.

IV. MANAGEMENT ARRANGEMENTS

Management of the cooperation framework

24. The Government of Kiribati and UNDP will jointly manage the CCF, including the formulation of activities outlined in the present document, the appraisal of individual projects and the monitoring and review of implementation and evaluation of results.

25. Kiribati has indicated its readiness to execute all future UNDP-supported programmes. There will be an emphasis on the employment of UNV specialists, building on their acknowledged good performance in the Pacific. Although Kiribati has had no experience with the technical cooperation among developing countries, and Transfer of Knowledge through Expatriate Nationals modalities, efforts will be made to utilize these two mechanisms to the extent possible. Non-governmental organizations may also participate in project execution and implementation.

Aid coordination and management

26. Given its limited resources, including financial resources, Kiribati has relied heavily on external assistance for development financing. Since gaining its independence, over 90 per cent of the development budget has been financed by grants and loans from bilateral and multilateral donors. The major donors are the Governments of Australia, Japan, New Zealand and the United Kingdom, UNDP, the European Union and the Asian Development Bank. Discussions with donors and other agencies have indicated that while coordination between them and UNDP has been satisfactory, it could be improved. The Government's capacity to coordinate and utilize aid resources will be strengthened through the regional aid coordination and management programme.

Linkages to the subregional programmes

27. The programme areas covered by the first CCF are commensurate with the core theme of the Pacific subregional programme - job creation and sustainable livelihoods - thus facilitating a more integrated delivery of UNDP support in Kiribati. This complementarity will assist the mobilization of additional resources for specific project interventions and strengthen the overall impact of the programme.

Monitoring and review

28. During the period covered by the first CCF, UNDP will place greater emphasis on impact assessment than it did in the previous country programme. Baseline surveys will be used to collect information where necessary, and both qualitative and quantitative indicators will be developed to establish benchmarks against which programme impact will be assessed. The programme will be monitored by Government and UNDP through consultation and monitoring visits by UNDP staff at least once every quarter. A triennial review of the CCF will be held in mid-1999.

Resource mobilization

29. The Government will work with the UNDP country office on resource mobilization, in light of the UNDP focus on high-leverage support in a few priority programme areas. Towards this end, the Government and UNDP will seek broadly-based partnerships with other donors for the funding of activities in the first CCF. Resource targets for the five-year period are provided in the annex to the present document.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR KIRIBATI (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	643	
TRAC 1.1.1	799	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	88	
Subtotal	1 530[a]	
NON-CORE FUNDS		
Government cost-sharing	266	
Sustainable development funds	-	
Third-party cost-sharing	798	
Funds, trust funds and other	-	
Subtotal	1 064	
GRAND TOTAL	2 594[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.